



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0637	Title:	Diverting a portion of the hospital bed tax to fund mental health services
Primary Sponsor:	Driscoll, Robyn	Status:	As Introduced-Revised

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue (Mental Health)	\$2,306,975	\$2,328,355	\$2,351,640	\$2,375,155
State Special Revenue (Transfer to Hospitals)	(\$2,306,975)	(\$2,328,355)	(\$2,351,640)	(\$2,375,155)
Federal Special Revenue	(\$7,480,785)	(\$5,495,419)	(\$4,772,383)	(\$4,820,104)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$7,480,785)	(\$5,495,419)	(\$4,772,383)	(\$4,820,104)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

HB 637 diverts a portion of the hospital bed tax to fund community-based mental health services.

FISCAL ANALYSIS

Assumptions:

1. Based on projections, the table on the following page shows the number of inpatient bed days for FY 2010 through FY 2013. The bed tax rate per day is assumed to remain at \$50 per day. Total fees collected are:

Year	Inpatient Days	Bed Tax Rate	Fees Received
FY 2010	461,395	\$50.00	\$23,069,750
FY 2011	465,671	\$50.00	\$23,283,550
FY 2012	470,328	\$50.00	\$23,516,400
FY 2013	475,031	\$50.00	\$23,751,550

2. This bill provides that of the \$50 per day bed tax collected, \$5 shall be used to fund community-based mental health services. Therefore, funds diverted from the hospital bed tax and in effect, generated for community-based mental health services will be:

Year	Inpatient Days	Bed Tax Rate HB 637	HB 637 Fees
FY 2010	461,395	\$5.00	\$2,306,975
FY 2011	465,671	\$5.00	\$2,328,355
FY 2012	470,328	\$5.00	\$2,351,640
FY 2013	475,031	\$5.00	\$2,375,155

3. Services to be provided have not yet been identified, but may include mental health center services such as targeted case management and community based psychiatric rehabilitation & support, therapeutic family care, and practitioner services such as therapies provided by psychologists, licensed clinical social workers and licensed clinical professional counselors.
4. Because the hospital bed tax draws down federal dollars per the FMAP rate, any decrease in hospital bed tax revenue would cause a reduction in federal dollars eligible for state draw-down. The loss of federal dollars, along with the assumptions of FMAP rates for FY 2010 through FY 2013 (including the estimate of enhanced FMAP rates in FY 2010 and FY 2011 as a result of the federal stimulus bill) is summarized in the following table:

Year	FMAP - State Rate	HB 637 Fees	FMAP - Federal Rate	Federal Match
FY 2010	23.57%	\$ 2,306,975	76.43%	\$ 7,480,785
FY 2011	29.76%	\$ 2,328,355	70.24%	\$ 5,495,419
FY 2012	33.01%	\$ 2,351,640	66.99%	\$ 4,772,383
FY 2013	33.01%	\$ 2,375,155	66.99%	\$ 4,820,104

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$2,306,975	\$2,328,355	\$2,351,640	\$2,375,155
Transfers to Hospitals	<u>(\$9,787,760)</u>	<u>(\$7,823,774)</u>	<u>(\$7,124,023)</u>	<u>(\$7,195,259)</u>
TOTAL Expenditures	<u>(\$7,480,785)</u>	<u>(\$5,495,419)</u>	<u>(\$4,772,383)</u>	<u>(\$4,820,104)</u>
<u>Funding of Expenditures:</u>				
State Special Revenue (Mental Health)	\$2,306,975	\$2,328,355	\$2,351,640	\$2,375,155
State Special Revenue (Hospitals)	<u>(\$2,306,975)</u>	<u>(\$2,328,355)</u>	<u>(\$2,351,640)</u>	<u>(\$2,375,155)</u>
Federal Special Revenue (03)	<u>(\$7,480,785)</u>	<u>(\$5,495,419)</u>	<u>(\$4,772,383)</u>	<u>(\$4,820,104)</u>
TOTAL Funding of Exp.	<u>(\$7,480,785)</u>	<u>(\$5,495,419)</u>	<u>(\$4,772,383)</u>	<u>(\$4,820,104)</u>
<u>Revenues:</u>				
State Special Revenue (Mental Health)	\$2,306,975	\$2,328,355	\$2,351,640	\$2,375,155
State Special Revenue (Hospitals)	<u>(\$2,306,975)</u>	<u>(\$2,328,355)</u>	<u>(\$2,351,640)</u>	<u>(\$2,375,155)</u>
Federal Special Revenue (03)	<u>(\$7,480,785)</u>	<u>(\$5,495,419)</u>	<u>(\$4,772,383)</u>	<u>(\$4,820,104)</u>
TOTAL Revenues	<u>(\$7,480,785)</u>	<u>(\$5,495,419)</u>	<u>(\$4,772,383)</u>	<u>(\$4,820,104)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (Mental Health)	\$0	\$0	\$0	\$0
State Special Revenue (Hospitals)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

1. This bill appropriates \$2.3 million for the 2011 biennium. At \$5 per inpatient day there will be funds generated in excess of this amount for community-based mental health services.
2. Use of these mental health funds as Federal Medicaid match would require approval (State Plan change) from the Centers for Medicare and Medicaid (CMS).

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date

**Dedication of Revenue 2011 Biennium****17-1-507-509, MCA.**

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes, this revenue would be collected from a portion of the hospital utilization fee (\$5 per day of the \$50 per day hospital bed tax), but the beneficiaries of this revenue would be community-based mental health care providers who do not pay any of the fees.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**
State special revenue fund is restricted in its use.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes
- d) **Does the need for this state special revenue provision still exist? ☒X Yes ☐No (Explain)**
Yes, the need is ongoing.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
Yes, the dedicated revenue would be put in a state special revenue account which will make it easier to track for budget purposes and for monitoring expenditures.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
The legislative branch will be able to track and audit the program revenue for compliance to determine if it is continuing to fulfill a need.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
State special revenue funds are easier to track in the SABHRS financial system, so this would allow us to have audit and accounting efficiencies for compliance with restricted revenues and appropriations.